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**HOW COMPANIES IN THE REGENERATIVE MOVEMENT MANAGE
ORGANIZATIONAL TENSIONS:
THE CASE OF GUAYAKI YERBA MATE**

JULIA ANNETTE ROBLICK

STUDENT 42036

Work project carried out under the supervision of:

Miguel Alves Martins

Co-Advisor: Tomé Salgueiro

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Abstract

Guayakí is a beverage company offering sustainably harvested and shade-grown Yerba Mate products from the Atlantic rainforest including Ready-To-Drink (RTD) Mate and loose-leaf Mate. It is a business aiming at fostering regeneration of degraded rainforest while operating profitably. Guayakí's global vision brings tensions between continuously growing and maintaining a strong social and environmental mission. The goal of regeneration during Guayakí's growth journey is both a challenge and an opportunity in dealing with these tensions. Thus, this Case Study provides a teaching framework to analyze growth tensions of a social purpose company and how the regenerative approach contributes to managing them.

Keywords

Regenerative Business, Hybrid Organizations, Organizational Tensions, Dialectic, Guayakí Yerba Mate

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Table of Contents

CASE STUDY (PART A)

1. INTRODUCTION	3
2. UNDERSTANDING THE MARKET.....	3
ENERGY DRINKS INDUSTRY	3
COFFEE INDUSTRY	4
3. BUILDING A REGENERATIVE BUSINESS	5
BACKGROUND & STORY	5
BUSINESS MODEL AND BENCHMARK.....	6
GOING BEYOND THE HYBRID MODEL	7
4. CHALLENGES DURING THE REGENERATIVE JOURNEY	8
GROWTH HURDLES	8
WORKING WITH INDIGENOUS COMMUNITIES.....	10
GLOBAL EXPANSION PLANS.....	11
ENSURING TRANSPARENCY	13
THE QUESTION OF FINANCING	13

TEACHING NOTE (PART B)

5. CASE SYNOPSIS	14
OBJECTIVES.....	15
6. ANALYSIS.....	15
1. Explain how Guayakí is living up to the approach of ‘Shared Value Creation’	15
2. What type of tensions is Guayakí facing during its journey?	16
3. How are these tensions interrelated? How were they mitigated during the journey of becoming regenerative?	20
4. Explain within the context of the case how Guayakí is answering in a dialectic way to each identified tension. Underpin your answer with concrete examples.	23
7. CONCLUSION.....	25
LIMITATIONS	25
BIBLIOGRAPHY	26

CASE STUDY (PART A)

1. INTRODUCTION

“*Guayakí started with an act of love.*” (Pryor 2020). Alex Pryor, Co-founder of Guayakí, grew up in Argentina, watching his mum serving Yerba Mate¹ to his dad daily. When he moved to California to study food science, he kept this major part of his culture and family. Soon he became the “Yerba Mate dealer” on campus. Not agreeing with the way, the industrialized food industry was functioning, he decided to start his own business: “*I want to create a business that is helping the forest, the rivers, the people and selling a healthy product – not one that is dead in a can.*” (ibid.). With his ‘soul brother’ David and three other friends, he served Yerba Mate by hand for the first years. Guayakí’s vision is “that the Yerba Mate culture will power the ‘Market Driven Regeneration Business Model’ to regenerate ecosystems and create vibrant communities.” (Guayakí 2020a). They already accomplished the 2020 mission of protecting 200,000 acres of rainforest and creating more than 1,000 living wage jobs (Guayakí 2020b).

2. UNDERSTANDING THE MARKET

Industrial agriculture practices have a tremendous negative environmental effect, leading to biodiversity loss, soil pollution and land degradation (Horrigan et al. 2002). Various attempts of capturing degraded land globally show convergence that one quarter of land is being affected (Olsson et al. 2019), with agricultural use as the most dominant driver of degradation accounting for 75% (Moyer et al. 2020). While Yerba Mate is recording a growing demand (Heck & De Mejia 2007), 90% is still being cultivated in sun-grown plantations (Karr 2019a). As Yerba Mate is mostly categorized as an energy drink but is also seen as a healthy coffee substitute both industries will be considered.

ENERGY DRINKS INDUSTRY

Production methods within the energy drinks industry are impacting the environment through five main areas: packaging, ingredients (mainly sugar), supply chain waste and energy,

¹ Yerba Mate is a naturally caffeinated plant which can be served as a beverage when poured over with hot water.

refrigeration and transportation, and water scarcity (Amienyo et al. 2013; Korosec 2013). Packaging is, however, the most harmful factor. Aluminum cans have a negative environmental footprint, if not recycled. In 2019, in the U.S. 50 billion aluminum cans ended up in landfill (CMI 2020). Furthermore, the industry was criticized for rising health concerns regarding artificial ingredients of energy drinks (MarketLine 2019; Euromonitor 2019a).

Markets and society are slowly becoming aware of these factors. All-organic and all-natural options have already been visible in the market since the 2000s (Heckman et al. 2010) and seem to be the preferred choice of 44% of consumers (Euromonitor 2014). The use of plant extracts in energy drinks in the U.S. has grown by nearly 80% over in the last decade (Passport 2012). The willingness to pay a premium for organically farmed or natural products in the U.S. is at 40% especially high among Millennials and the Gen X and Gen Y (Statista 2018). Thus, experts plead for an organic future of energy drinks (Euromonitor 2014).

Generally, the energy drinks market in the U.S. is the most lucrative among the functional drinks (MarketLine 2019) with total sales of \$18,649.4 million in 2018 and is expected to continue growing exponentially at a rate of 8% (Euromonitor 2019a).

COFFEE INDUSTRY

As coffee belongs to the most traded commodities globally, potential environmental and ethical risks are as high. Since 1970 the production methods changed tremendously, pushing towards an open-sun production system to increase yield. These monocultures lead to substantial soil degradation and a decline in biodiversity (Krishnan 2017). 37 of 50 countries, recording the highest deforestation rates, are countries of coffee production (Blacksel 2011). Despite rising demand for coffee, farmers in developing countries had been excluded from increasing profits, often not even earning a living wage. Today the ratio of what a farmer earns and what a consumer pays for coffee is 1:20 compared to the 1970s where it was 1:3 (Cycon 2020).

Rising consciousness about malpractices within the industry forced all major players like Starbucks or Nespresso to establish sustainability programs, trying to ensure quality and sustainability standards of their products (Millard 2017). In fact, brands using a sustainability approach dominate the coffee market with 78% of sales (Nielson 2015). For 1/3 of the US consumers, it is very or somewhat important to buy certified organic coffee (Statista 2020).

The coffee industry in the U.S. has grown slowly but steadily and is expected to grow by 3% CAGR from 2019-24. Higher growth is particularly forecasted for private labels, sourcing sustainably and organically, that can compete on price and quality (Euromonitor 2019b).

3. BUILDING A REGENERATIVE BUSINESS

BACKGROUND & STORY

Before meeting David, Alex was struggling with his career as he refused to work for a big corporation. Dedicating his life to surfing and drinking Mate, he decided to create a business out of it. In the beginning, he started selling Mate at a local farmer's market. Supported by his parents, he found a project in Paraguay, that was harvesting shade-grown Yerba Mate to preserve the Atlantic forest (Pryor 2020). This is how Guayakí was born in 1996. After David joined, three more friends were integrated into the business. The five “Semillas” (seeds) started sharing their vision by travelling through the U.S., serving Mate cup by cup (Appendix 1):

“We were all young. We were single. We lived in our vehicles. We just had expenses for cups and brewing machines. We wanted people to serve a new paradigm.” (Karr 2016)

It was a very long and organic process of experimenting. Driven by passion, the founders could align private and professional values. What kept them motivated was the idea that selling Yerba Mate can be used as a reforestation mechanism to conserve the rainforest (Karr 2016). In the first few years they called it ‘Market driven conservation’, to save the forest remains. 10 years later, it was updated to restoration and more recently it was changed into ‘Market driven regeneration’ (Pryor 2020). After selling loose leaves for 10 years, Guayakí introduced cold brew Mate in 2006, leading to a boost in sales ever since (New Hope 2008). In 2007, Tully's

was the first specialty coffee company to include Guayakí's products in their product line in cafés (New Hope 2007). Guayakí was the first Yerba Mate company certified by Fair for Life² in 2009 (Appendix 2). Dominating the natural food niche by then, they decided to focus more on the mainstream market (Newsweek 2009). Thus, until 2015 partnerships with mainstream supermarket chains and convenience stores were established (New Hope 2008). In 2016, Guayakí started their own distribution, the Yerba Mate Co. and only one year later the inhouse media company 'Come to Life' was launched, deepening the brand's connection with lifestyle and activism. Today, Guayakí Yerba Mate S.P.C is a social purpose corporation with 462 employees and operations in North and South America. The key executive team can be found in Appendix 3.

BUSINESS MODEL AND BENCHMARK

The basis of Guayakí's business model is to incorporate externalities and internalize these costs: The more Mate is sold; the more costs will be internalized, and the more forest will be regenerated (Karr 2019a; Karr 2017; Pryor 2020). Guayakí is offering shade-grown, organic and fair-trade Yerba Mate, that is sustainably harvested by indigenous communities in Paraguay, Argentina and Brazil as a premium product to consumers in the U.S., Canada and Chile. Choosing the areas of production carefully according to needs, Guayakí works with communities in the Atlantic forest that are remnants (Grani 2020). Looking closer into the supply chain, the origins lay in the forest where the *Ilex Paraguariensis*, the Yerba Mate tree, is grown by Guayakí in three different ways: as wild and natural Mate tree, as a tree that is reintroduced into its natural habitat or as a sun grown tree that is transitioned back to a forest by introducing other fast-growing trees (Karr 2016). The cultivated trees can be harvested after 3-5 years, whereas the naturally growing trees need 12 years to reach full height (Karr 2020; Grani 2020). The trees are harvested annually in May and July by local communities. Even

² A "Certification standard for fair trade and responsible supply chains" (Fair for Life 2020a).

though the shade-grown Yerba Mate yields up to 40% less than the sun-grown Mate, it results in a higher-quality product and contributes to the sustainability and regeneration of the forest. The freshly picked Mate is flash heated to stop fermentation and protect antioxidants, and after that air-dried for 24 hours before it is bagged and shipped to the HQ in Sebastopol, California. Eventually, the Yerba Mate is distributed to retailers or the end-consumer by the “Cebadores”³. More information about the business model can be found in Appendix 4.

Guayakí has to compete directly with *Sunshine Yerba Mate* from California and *Yachak Organic*, offering organic and/ or fair-trade cold-brew Yerba Mate. Yet, the number of companies growing Yerba Mate under the natural shade of trees rises (Montagnini et al. 2011). Similarly to Guayakí, *Kraus* from Argentina is focused on reforestation and shade-grown, selling loose leaves of Yerba Mate. A competition matrix is attached in Appendix 5. Nevertheless, Guayakí offers the widest variety of Yerba Mate products (Appendix 6). They intend to expand globally, planning to be available in South America including Argentina soon.

GOING BEYOND THE HYBRID MODEL

Hybrid organizations are organizations that deal at their core with multiple, oftentimes conflicting institutional logics, allowing “the coexistence of values from two or more categories” (Doherty et al. 2014). Thus, duality of social impact and financial sustainability is the central idea behind the concept (B. Boyd et al. 2009; Haigh et al. 2015). Their business model is designed on an environmental or social issue and business practices are used to solve it (Haigh & Hoffman, 2011; Haigh et al. 2015). Due to their resource misfit and social mission, hybrids naturally have to handle antagonistic assets or “factors that when combined reduce the economic value added” (Hockerts 2015). However, hybrid organizations developed strategies to manage these tensions by turning antagonists into complementaries (Appendix 7). Hence, it is the nature of hybrids to create ‘Shared Value’ (Lee & Jay 2015), a concept explored by Porter

³ A ‘Cebador’ is a person who prepares and serves Mate in a traditional way in Argentina.

and Kramer (2011), focusing on the compatibility of societal and economic progress. For more information on the concept of ‘Shared Value’, please see Appendix 8.

Regenerative businesses: Hybrid models are subject to the paradigm of sustainability (Haigh & Hoffman 2011). However, criticism is rising that these paradigms are “reaching the limitations due to their foundation in an inappropriate mechanistic worldview” (du Plessis 2012; Reed 2007). A new paradigm-shifting idea is slowly finding attention among scientists: Regeneration. Originated in living system thinking (Commoner 1971; Capra 1997; Rees 1999), a new notion of organizations aiming to move beyond sustainability, following a more deeply integrated approach to allow regeneration is gaining relevance (Appendix 9) (Mang & Reed 2020). Following this approach as an organization requires the synchronization of business activities with social and ecological systems by connecting the venture rhythm with regenerative systems, contributing to industrial symbiosis (Munoz & Cohen 2017). It is linked to the concept of a ‘place-based enterprise’ by Shrivastava & Kennelly (2013). Regeneration is primarily a natural concept referring to nature’s capacity to evolve, recover and rebuild its functions (Morseletto 2020). Applied to organizations, it is about observing natural patterns, and aligning activities while enabling the social and environmental systems to evolve and thrive, putting developmental thinking at its core. It is a constant and endless learning process. Many businesses are currently changing from only considering shareholder value towards rethinking their activities and increasingly creating shared value (Gelles & Yaffe-Bellany 2019). However, regenerative businesses require more fundamental changes, adapting a mindset where they serve society and are contained within, dependent on each other, and help to regenerate the environment to pursue ‘System Value’ (Appendix 10) (Elkington 2020).

4. CHALLENGES DURING THE REGENERATIVE JOURNEY

GROWTH HURDLES

Growing and surviving is one of the biggest challenges for social startups (Pena 2002), leading

to a low survival rate (Forbes 2015). One study suggests that only 1% of all startups make it to fundraising Series F for many reasons. One can be the likelihood of a hybrid being acquired by a multinational corporation, which was the case of Ben & Jerry's (Rowley 2017; Hays 2000). Being in business for 25-years Guayakí is still operating independently. Starting rather slow, the "Semillas" went from shop to shop to sample Mate to create a customer base. Later on, Guayakí started sharing Yerba Mate for free at Universities around the U.S. to create awareness for an energizing drink among people that need it most (Appendix 11). From the beginning focus was put on the impact that people are having by drinking Guayakí through the introduction of the personal impact calculator (Appendix 12). Following that strategy, Guayakí established the Mate Monday, where Yerba Mate is shared for free at participating locations within the U.S. (Appendix 13). Breaking even approximately 10 years after starting the business, Guayakí was able to steadily grow until today. David describes it as follows:

"We did grow very slowly. It was organic growth. Not like a J-curve. It was a steady incline. It allowed us to maintain the culture, which is very important. The culture of Guayakí stayed strong. Sharing, connecting and hospitality. The team grew but it wasn't outpacing the culture. We were still able to nurture the one-on-one relationships with each other." (Karr 2016)

Until 2018, the company refused to allocate budget to marketing activities. They were very focused on word of mouth and authentic sharing (Lee & Karr 2018). Instead of signing on to Costco or Walmart, Guayakí chose retailers that are more health oriented such as Oliver's Market or Whole Foods (Pryor 2020; Grani 2020). From 2016 until 2019, Guayakí was able to increase sales by overall 73,59%, recording annual sales of \$84 million in the year of 2019. The past years have shown a bigger acceleration in revenues, with up to 40% Year-on-Year growth (Appendix 14) (Lee & Karr 2018).

"I would say (...) a couple of years ago, we were thinking to grow more because that way, as the market driven regeneration model works, the more we grow, the more we are regenerating and the more families we support. But it has to be within an arm's reach. If you are too far away, you are just not going to make it. The faster growth got us off track. We haven't had good experience with growing with no limit without considering the means because we need to hit these targets. We hit the wall." (Pryor 2020)

The growth strategy of Guayakí had always been based on the numbers of acres regenerated and families supported rather than on profitability (Appendix 15) (Pryor 2020). Trying to reach that goal, the most important part of the business was the shade-grown characteristic. By growing Yerba Mate in Agroforestry systems, meaning in shade, natural ecosystem services can be used as a tool to biodiversity restoration and promote atmospheric carbon sequestration (Montagnini et al. 2005), resulting in a very positive footprint of the Yerba Mate plant. There is not one day at Guayakí without questioning business activities to be able to balance the externalities and the caring capacity of the system that allows them to be in business without degenerating but regenerating (Pryor 2020). Whereas Guayakí's traditional loose-leaf Mate can be considered as a carbon subtracting product - as its package is fully biodegradable, absorbing 875g of carbon, while emitting a total of 220g (New Hope 2008) - the aluminum cans, targeting the RTD segment, pose challenges to Guayakí. Other rising questions concern Guayakí's water footprint as water is the key ingredient. Highlighting the interdependence of rainfall of the Amazon Basin for the Yerba Mate, Alex pays particular attention to the topic of water. Thus, in 2020 an agreement with Gaia Amazonas was launched to value ecologic interdependence between ecosystems (Appendix 16). The other important ingredient of Mate is sugar, which is produced by a partner. Ambitious to fulfill its regenerative standards, Guayakí collaborates with *the green cane project* from Brazil to buy sugar (Appendix 17; Guayakí 2020c).

WORKING WITH INDIGENOUS COMMUNITIES

Originally, Guayakí started buying Mate from an indigenous community in Paraguay. They got their name from the Aché Guayakí, paying a licensing fee to the tribe for the use of the name (Coeli 2009). Needing to satisfy the rising Yerba Mate demand, Guayakí is currently working with 1190 indigenous and small holder farmers in Paraguay, Argentina and Brazil (Guayakí 2019), paying a living wage depending on the weight of the harvest. By working for example with seven communities in Brazil, Guayakí contributes to the life of 976 families and

sustainable development in the fields of food production, sports, education and environment (Fair for Life 2020b). Constantly growing, Guayakí had to look for new partners in the rainforest. Approaching them proved to be not always easy. Some of the communities were only looking for money. Even though they live in the forest, they did not care about the regenerative practices that Guayakí suggested. As cultivating Yerba Mate takes 3-5 years until it can be harvested, communities faced a long time without income. Hence, they were often interested in a faster way of making money. But when Guayakí experienced issues with local communities, they never gave up. Instead, more effort and work were put into it. In one of these communities, Guayakí set up a foundation and started an educational program with over 500 students from the rural school to teach them about biodynamic, organic, fair-trade, planting trees and seeing the relation of shade-grown Yerba Mate. By now, it is known as the Life Regeneration Center, Fundación Agroecológica Iguazú (FAI) in Argentina. (Pryor 2020)

Guayakí's journey was determined by steadily identifying new farmers to work with. The mindset of expansion was deeply rooted in the origins of the business. A part of Guayakí's staff is based in Buenos Aires, including Co-founder Alex, who is focused on community work. Approximately 30 employees work directly in the field to maintain partnerships, find new partners, and calculate how much harvest can be expected. Luckily, they never experienced supply bottlenecks as there was some fluidity and flexibility to harvest a bit more as long as it was under the sustainability threshold (Grani 2020). When approaching indigenous communities, Guayakí realized that trust, empowerment and diversity of culture and language play an essential role. There were three questions to be asked: What are your dreams? What are your strengths? What are your challenges and opportunities? Alex was focused on the "we" and how beneficial partnerships for all stakeholders can be created.

GLOBAL EXPANSION PLANS

The leadership at Guayakí tends to build its strategy in rather little steps. Part of the

international growth strategy of the last five years was not only to fulfill the predetermined metrics but also to include the distribution (Grani 2020). Three years ago, Guayakí started their own direct store delivery (DSD) distribution company as it is a key factor in the beverage industry. David remembers Patrick Lee recommending that if Guayakí wants to stay private and determine its own destiny, there is no other choice than starting their own distribution fleet to be fully independent (Karr 2019b). Thus, the Yerba Mate Co. was established and merged with the Guayakí Yerba Mate brand. The objective was to make the distribution fossil fuel free and to give new opportunities to system affected individuals by hiring up to 10.000 formerly incarcerated people over the next decade. The fleet currently consists of 247 electric cars and has grown by 206% within the last year (Guayakí 2019). Due to massive growth in 2019, 200 formerly incarcerated people were hired for the distribution and 306 as Yerba Mate harvesters in South America (Forbes 2020a). However, these changes and objectives bring challenges with them: Where is the lithium for the car batteries coming from? Where is the energy for the charging stations coming from? Electric can still be very inefficient and highly pollutant. Due to uncertainty, Guayakí decided to rename its fleet to an electric vehicles fleet instead of fossil fuel free until they can guarantee it. But this is not it:

The electric vehicle fleet at the same time, it's so small and it has a limited capacity for the number of cans it can deliver. We expected that electric vans will be available in the U.S. sooner. But they are not. (...) We cannot continue with the model of these little electric cars except for some areas like cities with high density. But when you start to have a certain distance, it doesn't make any sense." (Pryor 2020)

Additionally, Guayakí started to build a drying facility in 2019 to control the process closely and ensure quality standards (Karr 2019b). David highlights that they are always looking at it through the lens of regeneration and admits that it might not make complete sense to people from the outside. For the future, Guayakí aims at loosening its growth strategy to not be tied to certain numbers. The board knows that the brand has a strong identity and huge potential.

Particularly, new board members are excited about growth opportunities, while the older members and founders are more conscious of the process of growth. (Karr 2019a; Pryor 2020)

ENSURING TRANSPARENCY

Product certifications have one basic role: increasing the market transparency (Stahl & Strausz 2014). It is a way to encounter asymmetric information, ensure quality standards and to market it to consumers (Hainmueller et al. 2015). Especially ethical certifications are on the rise. Over the last decade, sales of fair-trade products have increased by 30% annually (FLO 2013). To guarantee certain quality standards, Guayakí uses several certifications, USDA organic being the most rigorous one. Additionally, they are certified by Fair for Life and kosher. Thus, the individual farmers, Guayakí, its co-packers and processors are regularly audited (Grani 2020). Guayakí became a B Corp in 2011 (B Lab 2020a), achieving an overall B impact score of 112.7 (Appendix 18), higher than the average (Appendix 19). In 2019, Guayakí participated in the pilot program for a new regenerative organic certification (ROC) with the FAI in Misiones, Argentina, being the only participant awarded with a GOLD standard (ROC 2020).

THE QUESTION OF FINANCING

Ownership structure plays an essential role in leading socially oriented enterprises. In the U.S. strong trends can be detected. The number of listed companies decreased by 52% from late 1990s until 2016 (Doidge et al. 2018) and share buybacks are breaking records once again (CNBC 2019). Staying private allows businesses to keep control over decisions and determine their own direction instead of acting upon shareholder interests (Forbes 2020b).

Going back to the origins, Guayakí was able to be largely financed by its founders to steer the regenerative business model. After writing a business plan, the “Semillas” were able to receive multiple bank loans. Even though all board members were involved, the fundraising was mainly managed by one of the Co-founders, Chris Mann, for the longest time (Lee & Karr 2018). Due to Guayakí’s global vision, investments were needed at a later stage to grow.

However, it was not an easy path. Guayakí wanted to stick to its values from the beginning and tried to be very clear about that. Investing in Guayakí is a long-term partnership without an exit strategy. Thus, they are a privately owned company and set up a structure, in which everyone has common stock and there are no board seats or voting rights (ibid). The main criteria for investors are that they neither take venture capital money nor any preferred terms but focus on impact investors instead (Pryor 2020).

Following that strategy, Alex highlights how difficult it is to find investors to grow: *“It is impossible. But at the same time, it is not.”* (Pryor 2020). There were periods where Guayakí waited for a long time to be financed or to find the right deal.

In 2018, Sonoma Brands invested in Guayakí, a company marketing itself as “exclusively dedicated to disruptive and high growth” (Sonoma brands 2020). As a fact, Sonoma brands did not acquire any preferred terms (Pryor 2020).

TEACHING NOTE (PART B)

5. CASE SYNOPSIS

The case study enables to understand challenges and opportunities of a business model that allows regeneration. It shows exemplary how to deal with organizational tensions connected to growth. Previous research has analyzed the relation between paradoxes and place-based tensions, showing that regeneration depends on effectively managing place-based tensions paradoxically (Slawinski et al. 2019). Others focused on how to manage growth tensions of hybrids without considering regeneration (Kannothra et al. 2018). As far as it was possible to ascertain, no research has been conducted on how the regenerative approach may affect the management of organizational growth tensions and how these organizations synchronize their activities with natural and social systems (Branzei et al. 2017). This case study seeks to provide practical insights on the implications of being regenerative and strategic advice for hybrid organizations how to deal with growth tensions more effectively.

OBJECTIVES

- (A) How to go beyond the hybrid model towards creating ‘System Value’
- (B) Tensions resulting from combining local regeneration and global commercial activities
- (C) How the regenerative mindset contributes to managing growth tensions dialectically

Concepts by Porter & Kramer (2011), Smith & Lewis (2011) and Clegg & Cunha (2017) and further literature regarding ‘regenerative businesses’ are to be applied. Students should learn to critically think about these concepts and how they can be expanded and inspired by new ways of thinking e.g. (Elkington 2020). The study should be applied in the field of social enterprises and sustainable business models, that question the way of doing business.

6. ANALYSIS

1. Explain how Guayakí is living up to the approach of ‘Shared Value Creation’.

Guayakí is operating as a hybrid organization by following both social objectives and commercial activities, hence combining the social and the market sector (Mair et al. 2012). Applying the Hybrid spectrum (Alter 2007), Guayakí entails characteristics of a social enterprise and a socially responsible business. However, they operate profitably, redistributing profits to their shareholders. Thus, they may be considered as a socially responsible business with a very strong mission motive, leaning towards a social enterprise, as decisions are usually driven by impact rather than profit making (ibid). Due to their duality of goals, Guayakí is creating ‘Shared Value’ on different levels (Porter & Kramer 2011). They were the first ones to make organic and fair-trade Yerba Mate products accessible in the U.S. in 1996, which Porter & Kramer (2011) would identify as a strategy of *reconceiving products or markets*. Nevertheless, the key factor is how Guayakí *redefines productivity in the value chain* by changing practices to not only act resource efficiently but to regenerate resources. Inspired by nature, Guayakí fosters environmental innovation (growing shade-grown Yerba Mate) and social innovation (working with indigenous communities). Every part of their supply chain creates a positive effect, enabling other natural processes: Planting Mate leads to rainforest

regeneration; harvesting Mate results in a stable annual income for indigenous communities; distributing Mate with electric vehicles minimizes the footprint and includes people in society that were formerly incarcerated. Regarding overall energy efficiency, Guayakí is very tied to the goal of zero emissions. Nearly 70% of the energy they use for office spaces etc. is renewable. They have been carbon positive since the beginning. In 2019, 464.000 tons of CO₂ were sequestered through planting Mate (Guayakí 2019). As the First Yerba Mate company to become a B Corp in 2011, Guayakí shows early commitment to increasingly create 'Shared Value' (B Lab 2020a). However, Guayakí's approach may go beyond the concept, leaning towards creating 'System Value' (Elkington 2020) as their overall operating systems are designed for regenerating economies, societies, communities and natural systems by being interconnected and rooted in place. Guayakí not only takes responsibility for its internal system but the larger natural and social system, they depend on (Sanford 2017). Based on definitions of Shrivastava & Kennelly (2013) and Slawinski et al. (2019), Guayakí can be seen as a 'regenerative organization'.

2. What type of tensions is Guayakí facing during its journey?

Due to the duality of hybrid organizations, they increasingly face tensions, which have been thoroughly explored in literature. The central tension to be faced is the desire to fulfill a social mission while following financial objectives (Battilana & Lee 2014). Before tensions can be managed, they need to be identified and understood (Hahn et al. 2015). One way to do so is the paradox theory, offering insights in how to manage these conflicting demands (Smith & Lewis 2011; Smith et al. 2012). Smith & Lewis (2011) distinguished among organizational tensions such as paradoxes, dilemmas and dialectics (Appendix 20). Paradoxes are two conflicting and opposing forces, that, when taken together, seem incompatible and consistent over time (Poole & Van de Van 1989; Clegg et al. 2002; Smith & Lewis 2011). Dilemmas are related to two competing alternatives, which can be resolved through choosing. Dialectics refer to

contradictory elements (thesis and antithesis) resolved through integration (synthesis). In their attempt to categorize organizational tensions based on previous research, they came up with four categories: *learning, performing, organizing, belonging* (Appendix 21).

If social enterprises are expanding and growing, the tensions they face intensify as they have to balance the local and the global (Marquis & Battilana 2009; Massey 1997). In the present case, Guayakí is increasingly facing tensions due to their growth efforts. They know about the potential of the brand, the growing demand of Yerba Mate and highlight their global vision. However, their growth path was more focused on organic and slow growth at the beginning, consistent with what is usually preferred as a hybrid (Haigh & Hoffman 2011).

It is natural for social enterprises to scale their solution and aim at growing to have more impact (Dees et al. 2004; Lumpkin et al. 2013). But growing can have negative effects on an organization's impact. Some factors that are crucial to fulfill the social mission may decrease as it is expanding. This includes local ties with communities, communal trust building and the founder's imprinting of values (Smith et al. 2013). It might result in a mission drift and lead towards favoring financial goals, particularly in case of excessive growth (Kannothra et al. 2018; Ebrahim et al. 2014). While some organizations are tempted by fast growth, others prefer growing just enough to survive economically (Lumpkin et al. 2013). Caught between a global vision and growing organically, Guayakí faces specific sub tensions connected to growth.

1. Taking investments vs. no compromises in terms of values: Firstly, Guayakí has to deal with the tension of taking investments while keeping control to ensure their values, mission and vision. Thus, Guayakí is caught in a *tension of belonging and performing*, emerging when identification and goals clash (Appendix 21). To fulfill their global vision, investments are crucial to pursue new growth opportunities. But taking investments can mean giving up a certain degree of control and including more shareholders in decision making. This can foster further belonging tensions. Rising pressure from funders can pull the organization into rapid

growth, reinforced by their desire to fulfill the social mission (Austin et al. 2006). As Guayakí is a privately held company, private equity investments mean giving up ownership stakes and profits. Especially, in case of Venture Capital firms, growth objectives between the startup and the VC may differ tremendously, causing tensions (Turcan 2008). As hybrids are naturally seeking autonomy to ensure that they can fulfill their mission, like Guayakí, they avoid Venture Capital in many cases as this often comes with strings attached (Haigh & Hoffman 2011). Despite Guayakí's focus on impact investors, it is in the nature of investors yet to be more concerned about financial returns, evaluation of growth and success.

Scarce funding impedes social enterprises to mobilize and deploy resources to fulfill their goals (Austin et al. 2006). It is always a tradeoff between either growing, following opportunities to increase impact or sticking to values and waiting a very long time to find the right partners. This tension creates a danger of mission drift when in high need of investments.

Guayakí made a deal with Sonoma brands, which is dedicated to high and disruptive growth, amplifying the risk of drifting values. However, as they did not give away any control, there might be a potential to convince investors of a different partnership, focused on a long-term vision and positive impact rather than financial profit, if Guayakí sticks to their values.

2. Growing vs. regenerating: Secondly, Guayakí is facing a *learning tension* regarding growing while regenerating. Usually emerging from confrontation of different time horizons, this tension occurs when organizations aim at growing and scaling in long-term and strive for stability in short-term (Smith et al. 2013). Growth is naturally associated with an intensified use of organizational and scarce natural resources, that businesses are reliant on, leading to significant harm of the environment (George, Schillebeeckx, & Liak 2015). The more Guayakí expands, the more Mate they have to harvest under the threshold of sustainability. However, when it comes to organically produced beverages, constraints regarding resources are very likely to occur such as a short supply of shade-grown Yerba Mate (Lee & Jay 2015). These

constraints can lead an enterprise to seek for alternative supply options to satisfy the demand, posing a threat to the regenerative characteristic of Guayakí. This risk increases if the client is not equal to the beneficiary, which is the case of Guayakí, leading to the danger of focusing mainly on commercial clients interests instead of beneficiary needs (Santos et al. 2015).

Guayakí's growth impacted their levels of regeneration. In terms of environmental regeneration, the case shows that growth helped to regenerate more rainforest and capture more carbon. However, the growth brought degenerative aspects such as the increased amount of aluminum. They can only be recycled and reused when disposed of correctly. The recycling rate in the U.S. of aluminum is at 50.4% and 2.7 million tons of aluminum ended up in landfills (USEPA 2020). The expansion through their own distribution company fostered social regeneration through hiring formerly incarcerated people, while it created challenges regarding the electric fleet. Electric vehicles do not emit carbon directly, but indirectly. It cannot be guaranteed that the energy they are charged with is renewable (could be based on fossil fuel). Furthermore, they can have an immense degenerative impact due to the pollutive effect of lithium mining on water and local communities (Salon 2019) and inefficiencies along power lines and in charging the batteries. If Guayakí needs to overcome longer distances, electric vehicles will reach their limits. Moreover, while growth helped Guayakí to give more farmers the opportunity to steward their land, enabling cultural regeneration, commercializing the Yerba Mate as a RDT beverage diminishes the tradition of drinking Mate out of a Gourd.⁴

3. Growing vs. finding small holder farmers: Guayakí faces another *tension of learning and organizing* while growing, emerging from seeking to renew routines while ensuring stability and efficiency along the way (Appendix 21). The more Guayakí is growing, the more smallholder farmers they are dependent on. As explained, particularly local ties and community trust are factors likely to diminish with size (Smith et al. 2013). However, these are the factors

⁴ The traditional Yerba Mate drinking cup.

that the collaboration with smallholder farmers is based on. Trust and approaching them on eye-level while focusing on the “we” are crucial steps. But connection and identification become harder as you grow (Foreman & Whetten 2002). There may not be enough time that can be dedicated to trust building and developmental activities as the number is increasing. Moreover, the higher the number of farmers, the more stakeholders the organization has to manage. Even though Guayakí uses certifications to ensure quality, this might not be enough to ensure regenerative standards and aligned values. Certifications may be outdated or not as rigorous; or supply chains may be too complex to be fully presented in certificates (Van Vark 2016). This tension leads to the danger of violating values, when in high need of more farmers. Questions regarding supply chain changes may rise to ease finding communities and increasing yield. How much can Guayakí grow while holding on to working with multiple farmers?

3. How are these tensions interrelated? How were they mitigated during the journey of becoming regenerative?

The analyzed tensions are highly interrelated as all of them refer to the challenge of growing. However, the ownership structure plays a major role when leading social enterprises and making decisions. Thus, taking investments highly influences the other growth tensions. Hybrids prefer to maintain their autonomy to avoid upcoming tensions if more investors get on board (Haigh & Hoffman 2011). Looking at successful social companies, most of them remained private (e.g., Patagonia, Lush, Veja or Tony’s Chocolonely) to drive change and allow consistency along their way. If a company decides to go public, it will get more complex to align various shareholder interests.

Considering the case of Guayakí, the way of handling the investments has had a huge impact on growth and even helped them to resolve growth tensions. Through difficulties in finding investors, faster growth was not an option. The strict criteria for partners helped them to control the pace of the growth and to ensure the regenerative aspects. However, opening the capital

could lead to more pressure and faster growth, which could impact regenerative aspects accordingly as Alex highlighted when Guayakí was growing faster a few years back.

Working with small holder farmers is not directly impacted by the financing. However, if more investors get on board asking for faster growth, it might put pressure on the working practices. Guayakí's bounded nature restricted their growth (Marquis & Battilana 2009). Other suppliers (low-cost, no reforestation) may generate more yield, leading to faster growth.

Management of tensions: Many scholars explored how to deal with competing demands within organizations. Battilana et al. (2015) suggested spaces of negotiation to foster discussion and resolution. Hockerts (2015) showed how hybrids can turn antagonistic assets into complementaries (Appendix 7). Pache & Santos (2013) and Mair et al. (2015) identified selective coupling as a way to effectively deal with competing demands. Lewis & Smith (2011) developed an approach towards paradoxical thinking, including the recognition and acceptance of tensions to provide comfort in finding resolution strategies e.g., splitting or synergistic integration. Clegg & Cunha (2017) emphasize a dialectic strategy for tackling contradictions by integrating them into a synthesis that did not exist before.

Guayakí follows different strategies when dealing with growth tensions (Appendix 22). However, it is determined by acting in a dialectic way.

1. Various factors are able to raise tensions, including environmental scarcity or plurality (Smith & Lewis 2011). Guayakí is **creating contexts to unleash opposing forces** (Knight & Paroutis 2017; Slawinski et al. 2019) by questioning themselves daily due to their regenerative approach (Pryor 2020). Work in regenerative organizations is particularly difficult as leaders constantly realize that the cultural, ecological and economic challenges to face are endless (Slawinski et al. 2019). Further, Guayakí is eager to include all stakeholders by spreading information via their own reporting to investors and the impact report among all stakeholders. All employees should bring in ideas to identify weaknesses and challenges (Mann 2010). Alex

and David highlight that there is no permanent leader of Guayakí; all stakeholders decide together. When choosing partners, Alex emphasizes that an important factor is to bring in people that have different views and that see what they have not seen so far (Pryor 2020).

2. Additionally, the **value-driven leadership approach** of Guayakí supports them in dealing with tensions. Vertical integrations in the supply chain allowed to increase control over their practices. Moreover, the ownership structure contributes to keep control about their direction. Thus, they are able to act in line with their values. Another vital factor is that Guayakí is still being led by the founders, who recommitted for further 25 years (Pryor 2020).

Guayakí opted for a community-focused growth orientation, centered around a long-term vision. This restricted their growth pace due to the limited local skill set of the communities and strong dependence on particular clients to pay for the product (Kannothra et al. 2018). Adapting a long-term approach helps to create a more holistic view, which contributes to the integration of opposing elements such as social and business goals (Slawinski & Bansal 2015).

3. Guayakí proves their **paradoxical mindset** (Lewis & Smith 2011) by adopting a *patient approach* and creating *spaces of negotiation* (Battilana et al. 2015) when dealing with the tension of taking investments. This seems to be very common for hybrids and constraints growth (Haigh & Hoffman 2011). According to a survey with 47 hybrids, 59% of the total capital was patient capital (Boyd et al. 2009). Furthermore, Guayakí benefited from the rise of impact investors at the time they were growing (SIIT 2014), which allowed them to stick to values. Quarterly updates with all employees, trainings and constant exchange with local communities, impact investors and shareholders created spaces of negotiation (Pryor 2020).

4. Guayakí acts in a very **dialectic way** when dealing with the growth tensions by turning the competing demands into a new form of synthesis that transcends the opposites (Clegg & Cunha 2017). Due to the duality of hybrids, the key tension to be faced is gaining financial returns vs. creating social impact. A strong social imprinting may reduce the economic productivity

(Battilana et al. 2015). However, Guayakí proves that a high social impact does not come at a cost of economic performance but can be interdependent. While steadily increasing the number of acres regenerated, Guayakí broke even after 10 years, operating profitably ever since.

Even though expanding a business is associated with an extracting effect, Guayakí turns these competing demands into a synthesis. They created a model in which sales are tied to the social impact (Grani 2020), which proved to work in spite of periods of strong growth. Despite the customers and beneficiaries of Guayakí being different groups, through tying the consumption of Mate to social impact, they may become indistinguishable (Battilana et al. 2012).

In combination, the paradoxical thinking and dialectic answer of Guayakí leads to an exploration of opportunities and new ideas (Lewis 2000; Slawinski et al. 2019). Thus, Guayakí is able to allow regeneration on multiple levels (Appendix 22).

4. Explain within the context of the case how Guayakí is answering in a dialectic way to each identified tension. Underpin your answer with concrete examples.

The key factor when dealing with the growth tensions in a dialectic way is **the regenerative mindset** of Guayakí. Austin et al. (2006) highlight that, if an organization is growing for the sake of growth, it will potentially result in a waste of resources and will negatively influence its social impact. However, there are cases, where growth can be the best way to increase social impact, when planned for long-term. Guayakí's growth goals were always based on the number of acres regenerated and the number of families supported. Due to the strongly incorporated values, it was never driven by profit.

Considering the tension of **growing vs. regenerating**, regenerative thinking firstly helped them to constantly *question themselves* while growing to identify weaknesses and challenges and face them. This led for example to the creation of the electric vehicle fleet and the inclusion of formerly incarcerated people, resulting in more regeneration while growing.

Embedded in the regenerative mindset is *whole living systems thinking*. Starting the project with the Gaia Amazonas, proved Guayakí's *awareness of the interdependence of different*

ecosystems. By looking at the interrelationship of the Yerba Mate plant with nature and applying it to the organization, Guayakí proved to be more resilient. Every business practice of Guayakí is trying to build the capacity to enable something or someone else. By integrating their sourcing practices deeply into natural rhythms, they can continuously regenerate while expanding. The Yerba Mate plant has an enormous positive footprint enabling restoration of soil and increasing biodiversity.

Through their mindset of respect, mutually beneficial agreements and focus on trust building (Pryor 2020), Guayakí is particularly *paying attention to regenerative relationships*. This characteristic helped when dealing with the tension of *finding small holder farmers vs. growing*, even though it is not a direct dialectic answer. It facilitated the way to convince farmers to collaborate as they were interested in a long-term partnership to improve the living conditions in the communities and give them back the right to steward their lands. Moreover, it created a positive reputation of Guayakí in the rainforest, leading to the fact that many communities wanted to work with them. Another essential factor was Guayakí's early focus on identifying new communities and their strong presence in the field from the beginning to build trust and calculate their supply. The mindset of expansion had been part of their thinking, helping them to create a solid basis for growing later on.

Considering the tension of *taking investments vs. no compromises in terms of values*, Guayakí mainly resolved it through the seek for impact investors, representing similar values. Their objective was to find supporters that do not invest because of financial returns but because of their belief in Guayakí's paradigm shifting business model. As investors do not get preferred terms, they have to be aligned with Guayakí's way of making decisions. This may be an indication for Guayakí being able to change the investor's mindset (e.g., Sonoma brands may try to include different values with Guayakí in their portfolio).

Today, 90% of the Guayakí stock is held by social impact investors, of which 59% is held by employees to ensure sovereignty over decision-making (Guayakí 2019; Guayakí 2018).

Guayakí is an example of a business embedded in nature. Natural patterns were analyzed, and business activities adapted, functioning harmonically, fostering social impact and economic performance. Thus, the regenerative mindset can lead to dialectic behavior as it is merging thesis and anti-thesis, supporting a more effective tension management (Appendix 23). Other authors already came to similar conclusions in regard to the importance of place. Walck (2004) analyzed that tensions can be healed through valuing place and by building relations between people and land again. Shrivastava & Kennelly (2013) support that being rooted in place might help organizations to overcome competing forces.

7. CONCLUSION

The analysis shows that the regenerative mindset was the most essential tool when managing organizational tensions of growth as it bears the potential of leading to a dialectic answer. It helps to mitigate tensions, preventing them from becoming stronger as it is the case for businesses that do not act regeneratively because this characteristic leads to the harmonic alignment of practices with the environment. In the case of Guayakí, the effective resolution of the growth tensions leads to more regeneration along the way. Thus, this case study can help other hybrids in dealing with growth tensions from a different perspective.

LIMITATIONS

This case study cannot be generalized for other regenerative businesses, industries or markets as it is an in-depth analysis of a single case. The question if being regenerative helps mitigating tensions and is a dialectic answer to the tension of social impact vs. financial return should be subject of a broader follow-up research including more than one organization. The results derived from this case study are restricted by the limited number of conducted interviews and the lack of physical presence at the company's headquarter.

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HOW COMPANIES IN THE REGENERATIVE MOVEMENT MANAGE
ORGANIZATIONAL TENSIONS:
THE CASE OF GUAYAKI YERBA MATE

APPENDIX

JULIA ANNETTE ROBLICK

STUDENT 42036

Work project carried out under the supervision of:

Miguel Alves Martins

Co-Advisor: Tomé Salgueiro

Table of Contents

CASE STUDY APPENDIX

Appendix 1 The “Semillas”	2
Appendix 2 Fair for Life Certification	2
Appendix 3 Key Executive Team of Guayakí.....	3
Appendix 4 Guayakí’s Business Model	3
Appendix 5 Competitor Matrix	5
Appendix 6 Variety of Guayakí’s Yerba Mate.....	5
Appendix 8 Shared Value Creation	6
Appendix 10 The Road to System Value	7
Appendix 11 Authentic sharing at Universities.....	7
Appendix 12 Personal Impact Calculator.....	7
Appendix 13 Mate Monday.....	8
Appendix 14 Estimation of Guayakí Sales.....	8
Appendix 15 Impact of Guayakí	8
Appendix 16 Collaboration with Gaia Amazonas.....	9
Appendix 17 The Green Cane Project.....	9
Appendix 18 Guayakí Overall B Impact Score.....	10
Appendix 19 Average B Impact Score.....	10
Appendix 20 Distinguishing Among Organizational Tensions.....	11
Appendix 21 Organizational Tensions	11
Appendix 22 Data structure.....	12
Appendix 23 Dynamic Model of Managing Growth Tensions	13
Appendix 24 Data Sources for Gioia Methodology	13

CASE STUDY APPENDIX

Appendix 1 | The “Semillas”



Source: Guayakí (2020a)

Appendix 2 | Fair for Life Certification

Certified Operator (Certification Applicant)	Guayakí Sustainable Rainforest Products Inc.		
Place, Country	Sebastopol, California, United States		
Contact	guayaki.com, rbruehl@guayaki.com		
Certified Products	yerba mate, yerba mate leaves, yerba mate powder, yerba mate roasted, yerba mate tea blends, yerba mate beverages		
Certification Programme	Fair for Life - Social & Fair Trade Certification		

Performance Rating			
Chapter	Content of the Fair For Life - Social & Fair Trade Programme	Maximum	Rating
1	Core Principles and Values	4	4
2	Commitment to and Management of Fair Trade Policy	8	4
3	Respect of Human Rights and Decent Working Conditions	185	160
4	Respect of the Environment	53	53
5	Local Development and Community Relations	8	8
6	Trading and Supply chain relations	76	62
7	Empowerment	7	6
8	Traceability, Transparency and Respect of the Consumer	50	47
9	Managing Certification and Performance	17	17
Total Score Performance Rating			361

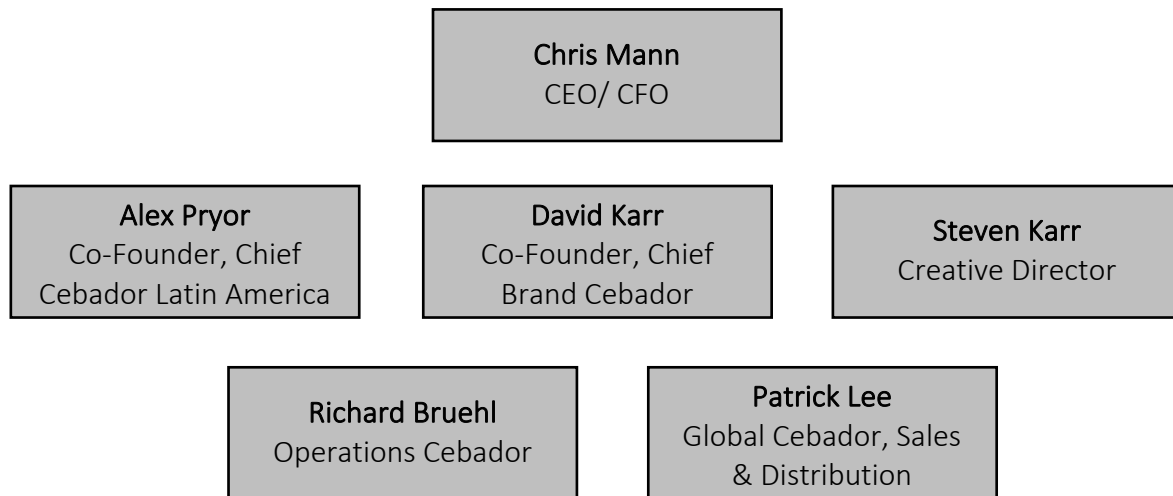
Certification for fair trade and responsible supply chains	
Guayakí is working to make organic, fair-trade yerba mate the mainstream energy source of choice and prove that a company can be profitable while operating sustainably. They started in 1996 with the aim of protecting and restoring the South American rainforests and empowering the indigenous people that live there. Guayakí's vision, which was formally announced at their semi-annual company gathering in summer 2015, holds that the power of yerba mate culture regenerates ecosystems and creates vibrant communities. Guayakí is committed to the highest standards in their labor policies. They are an equal opportunity employer, and employment decisions are based on merit, qualifications, and ability. They also seek employees who are genuinely passionate about their mission, fit their culture, and share their organization's core values. Guayakí offers a full range of benefits to Cebadors, highlighted by generous policies including 100 % health insurance coverage, flexible working hours, paid time off, and the ability for new parents to bring their infants to work.	
Impact, special achievements & commitments	

Reached percentage of the applicable Total Norm Points for the overall performance	
Percentage	100 %

Date of Certification	
First	12.06.2009
Last Update	08.11.2019

Source: Fair for Life (2019)

Appendix 3 | Key Executive Team of Guayakí



Source: Content adapted by author with information by Craft (2020)




Appendix 4 | Guayakí's Business Model

Pillar	Business Model Building Block	Description of Guayakí
Customer Interface	Product Value Proposition	<p>Products and services:</p> <ul style="list-style-type: none"> Shade-grown Yerba Mate products, sustainably harvested <ul style="list-style-type: none"> Loose leaf mate Ready-to drink mate: cans and glass bottles <p>Differentiating factor (social, environmental and health benefits): shade-grown, organic, fair trade, all-natural, regenerative development, supporting indigenous communities in Paraguay, Argentina and Brazil, regenerating the Atlantic rainforest</p>
	Target Customer	<p>Demographic groups (20-60 years), seeking sustainable alternatives for coffee and energy drinks, very conscious, healthy, environmentally aware</p> <ul style="list-style-type: none"> The health-conscious consumer: valuing the nutritious and all-natural aspects of the products The environmentally conscious consumer: valuing regenerative aspects of the product
	Distribution Channel	<ul style="list-style-type: none"> Direct distributors such as retailer (e.g., Whole Foods) Direct to wholesaler and partnerships (e.g., Tully's coffee) Direct to consumer (e.g., Yerba Mate café or online ordering)
	Relationship	<p>Acquisition:</p> <ul style="list-style-type: none"> Mate Mondays Free Yerba Mate tastings Serving authentically with focus on impact <p>Retention:</p> <ul style="list-style-type: none"> Trust building and reputation factor Brand image: from the beginning authentic and focused on environment Community focus through Yerba Mate tradition <ul style="list-style-type: none"> Ambacebador Network (comprised of students who share Mate on campus) Collaborator Network (comprised of artists, athletes, graduate students, organizers, professionals and people from all walks of life to share the yerba mate experience)

Infrastructure Management	Value Configuration	<p>Resources:</p> <ul style="list-style-type: none"> • Tangible: land, Yerba Mate plants, production sites, logistics, distribution • Intangible: regenerative agriculture knowledge, traditional farming methods • Human: indigenous communities, cebadores, management team <p>Activities:</p> <ul style="list-style-type: none"> • Plantation of Yerba Mate in the rainforest <ul style="list-style-type: none"> ◦ protecting wild Yerba Mate trees ◦ reintroducing cultivated Yerba Mate trees in natural habitat ◦ transformation of sun-grown plantation into shade-grown plantations through introduction of fast-growing trees • Harvesting Yerba Mate sustainably by hand • Processing and drying leaves in drying site • Ship to factory in Sebastopol, California • Process leaves to RDT Mate or other end products • Pack goods for delivery • Distribute to the consumer, partner or retailer • Customer service
	Core Competency	<ul style="list-style-type: none"> • Regenerative agriculture practices • Biodynamic farming knowledge • Trust building with local communities • Processing Yerba Mate leaves into end products • Distributing products via inhouse distribution
	Partner Network	<ul style="list-style-type: none"> • License agreement with Aché Guayakí to use their name • Agreements with indigenous communities in Paraguay, Argentina and Brazil to buy Yerba Mate leaves e.g., with Marrecas, Mangueirinha and Rio da Areia Indigenous Areas, Turvo and Guarapuava Producers Group, Faxinal São Roquinho and Quilombolas • Collaboration with the green cane project, a regenerative sugar project in Brazil • Distributors, wholesale, retailer, café shops • Collaboration with Gaia Amazonas
	Cost Structure	<p>Variable costs:</p> <ul style="list-style-type: none"> • Plants, trees, seeds • Living wage for local farmers (by weight of Mate leaves) • Recyclable and biodegradable product packaging • Customer Service • Human resources in HQ <p>Fixed costs:</p> <ul style="list-style-type: none"> • Drying site, production & processing site • Website • Marketing • Management
Financial Aspects	Revenue Model	<p>Selling a high-quality and premium product to consumers in North America, Canada and Chile:</p> <p>Revenue streams:</p> <ul style="list-style-type: none"> • Yerba Mate sales to distributor & retailer • Partner with café stores and local stores • Yerba mate café and online ordering

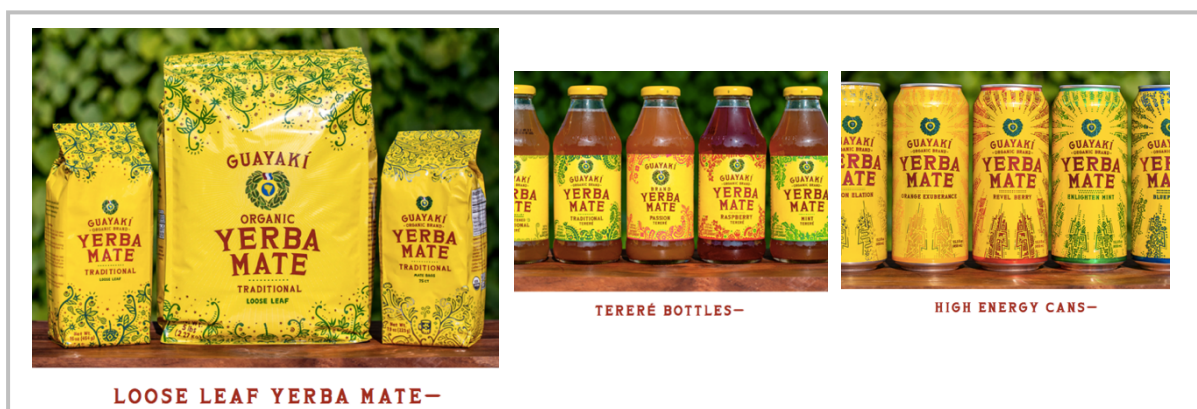
Source: Framework by Osterwalder et al. (2005); Content adapted by author with information by Guayakí

Appendix 5 | Competitor Matrix

			
Description	Producer and seller of all-natural sodas and organic Yerba Mate brewed on California's central coast	Organic Yerba Mate producer and seller	Small family business that produces and sells yerba mate and tea organic and fair trade certified, in Argentina and the world through its network of friend distributors
Social & sustainable practices	<ul style="list-style-type: none"> Source pure, organic and fair-trade mate Help vendors and partners create regenerative ecosystems and sustainable farming 	<ul style="list-style-type: none"> Working with indigenous communities in Brazil Fair-trade jobs Supporting two social projects (orangutan project, the Mali elephant project) 	<ul style="list-style-type: none"> Committed to sustainable farming and harvesting without herbicides, pesticides or artificial fertilizers Forest restoration program with ECOTEA and National University of Misiones and Yale University Fair wage for workers
Products	Craft sodas and RTD Yerba Mate glass bottles in 4 different flavors	RTD Yerba Mate cans in 6 different flavors	Yerba Mate loose leaves, Yerba Mate tea
Target market	US	US	US, Canada, South America
Certifications	USDA organic, fair-trade	Non-GMO, USDA organic, vegan, gluten free	Orgánico Certificado por OIA, USDA organic, BIO, kosher, fair-trade

Source: Content adapted by Author from Sunshine Yerba Mate (2020), Yachak organic (2020), Kraus (2020)

Appendix 6 | Variety of Guayakí's Yerba Mate



Source: Guayakí (2020d)

Appendix 7 | Hybrid Strategies

Hybrid Strategies	Description
Identify Hidden Complementarities	Find previously unknown ways to employ antagonistic assets in a profitable way
Develop New Complementarities	Identify effective measures through which beneficiaries can learn valuable skills
Eliminate Need for Complementarities	Using frugal design to create simple products for complex problems
Create Demand for Antagonistic Assets	Creating a reverse appeal for antagonistic assets through storytelling
Use Partnerships to Achieve Distribution Complementarities	Leveraging partnerships with charities and businesses to access distribution channels

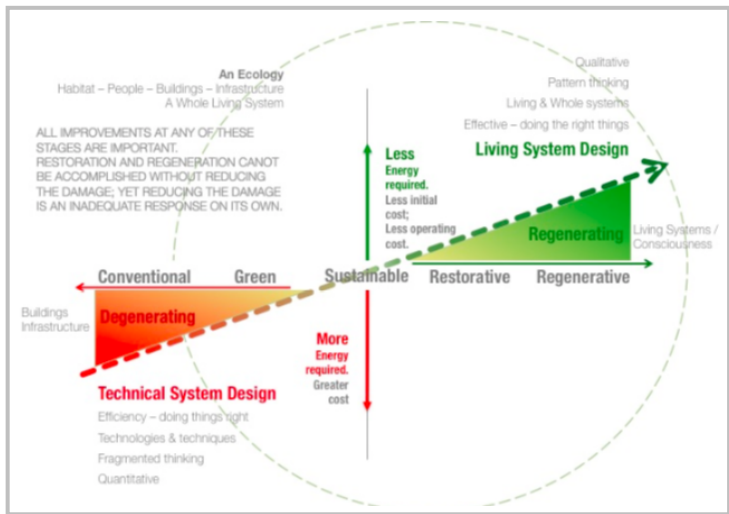
Source: Hockerts (2015)

Appendix 8 | Shared Value Creation

Reconceiving products and markets	Redefining productivity in the value chain	Enabling local cluster development
<ul style="list-style-type: none">Design products and services to address societal needsOpen new markets by serving unmet needs in underserved communities	<ul style="list-style-type: none">Changing practices within a company's value chain to increase productivity and resource efficiencyKey areas are energy use and logistics, resource use, procurement, distribution, employee productivity, location	<ul style="list-style-type: none">Supporting surrounding infrastructure e.g., related businesses, suppliers, service providers, institutions, surrounding communities like schools, universitiesAddressing gaps or failures in the surrounding framework

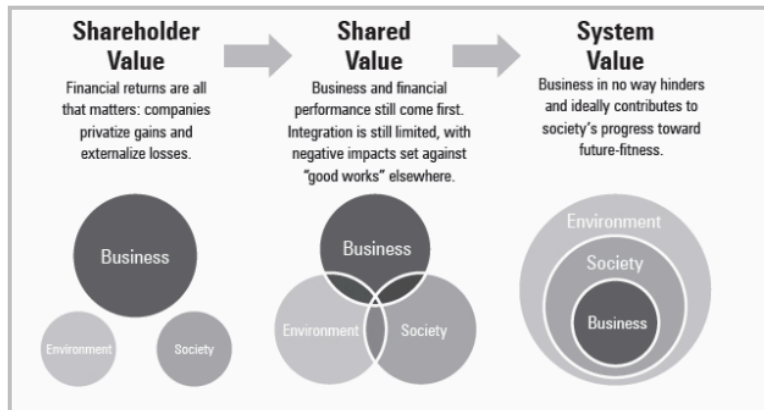
Source: Porter & Kramer (2011)

Appendix 9 | From Sustainability to Regeneration



Source: Mang & Reed (2020)

Appendix 10 | The Road to System Value



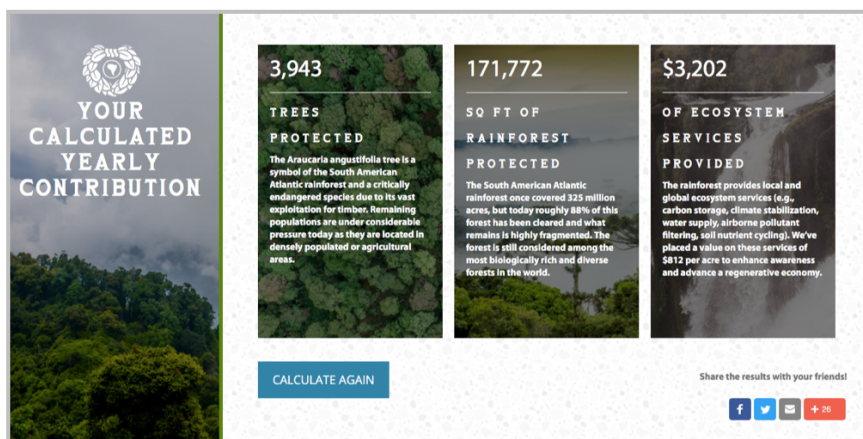
Source: Elkington (2020)

Appendix 11 | Authentic sharing at Universities



Source: Guayakí Instagram Account

Appendix 12 | Personal Impact Calculator



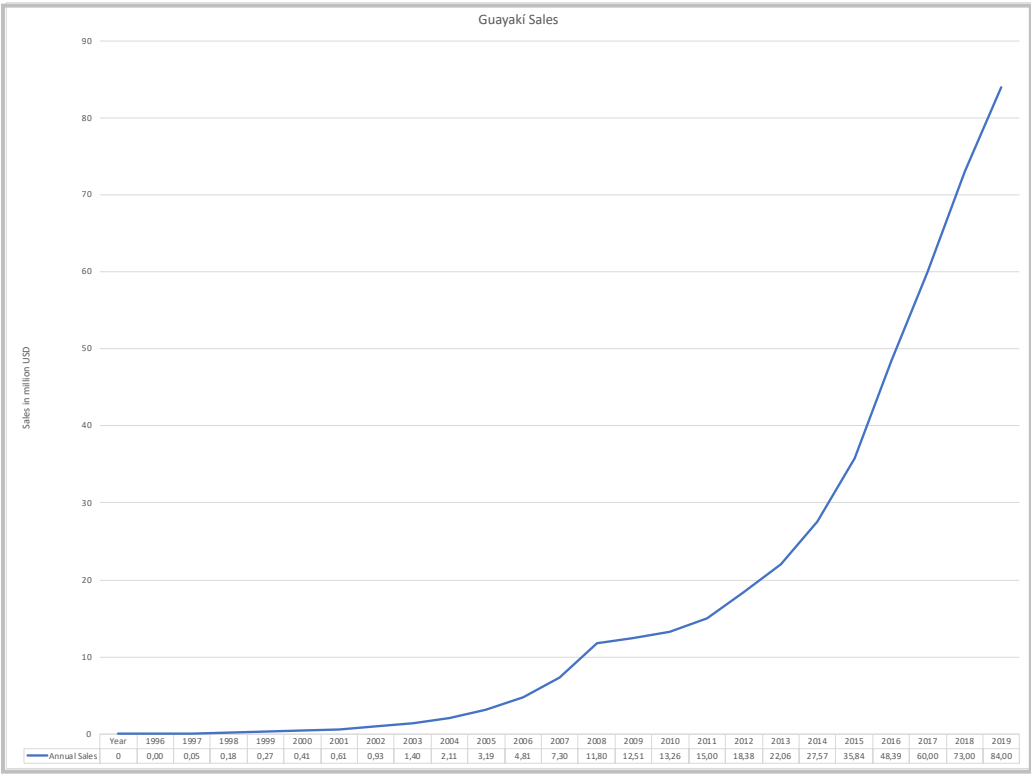
Source: Guayakí (2020e)

Appendix 13 | Mate Monday



Source: Guayakí Instagram Account

Appendix 14 | Estimation of Guayakí Sales



Source: Sales estimation by the author based on confidential company information

Appendix 15 | Impact of Guayakí

Years	2012	2014	2016	2017	2019	2020
Acres regenerated	24.454	39.109	81.066	130.158	174.000	200.000
Ecosystem services protected	\$19.548.951	\$31.000.000	670 living jobs	885 living jobs	\$141.000.000	1000 living jobs

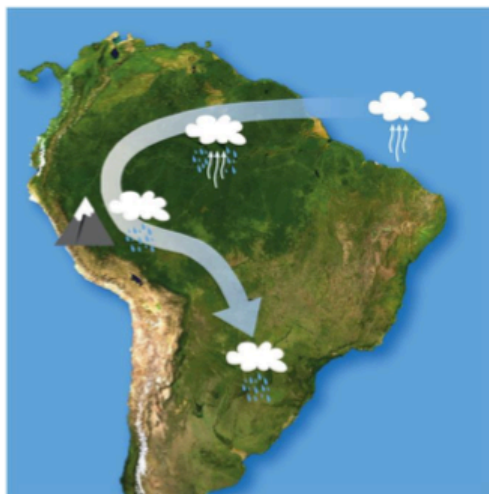
Source: Content adapted by author based on public communication via social media and impact reports of Guayakí

Appendix 16 | Collaboration with Gaia Amazonas

Placing Value on Amazonian Rainfall**The Launch of an Amazonian Indigenous Leadership Initiative**

In 2020, Gaia Amazonas launched the Amazonian Indigenous Leadership and Innovation Initiative for young men and women with the goal of empowering the new “Amerindian” generations in the management of Amazonian territories shaped by ancestral knowledge and practices and in co-governance with the Central Government of Colombia.

A private agreement has been created between Gaia Amazonas, a Colombian NGO in the Amazon, and Guayaki Yerba Mate, a business operating in the Atlantic Forest 3000 kms south in Argentina, Brazil and Paraguay, aimed at placing a value on Amazonian rainfall. This agreement acknowledges economic and ecologic interdependence of distant ecosystems and the rainfall that they depend on.



Gaia Amazonas and Guayaki Yerba Mate Co., a B Corp and a Social Purpose Company, have recognized the ecological, social and economic interdependence of humidity and rain and the need to place a financial value on the precious resource. In the South American Atlantic Rainforest rainfall feeds the native species of flora and fauna via “flying rivers”. Within the South American Atlantic Rainforest indigenous and “campesino” communities harvest yerba mate leaves. In order to help preserve the precious water that falls on the yerba mate trees, a one-year agreement was signed on April 22nd, of 2020 as a mutual learning collaboration to help support the Amazonian Indigenous Leadership and Innovation Initiative.

Source: Guayakí (2020f)

Appendix 17 | The Green Cane Project

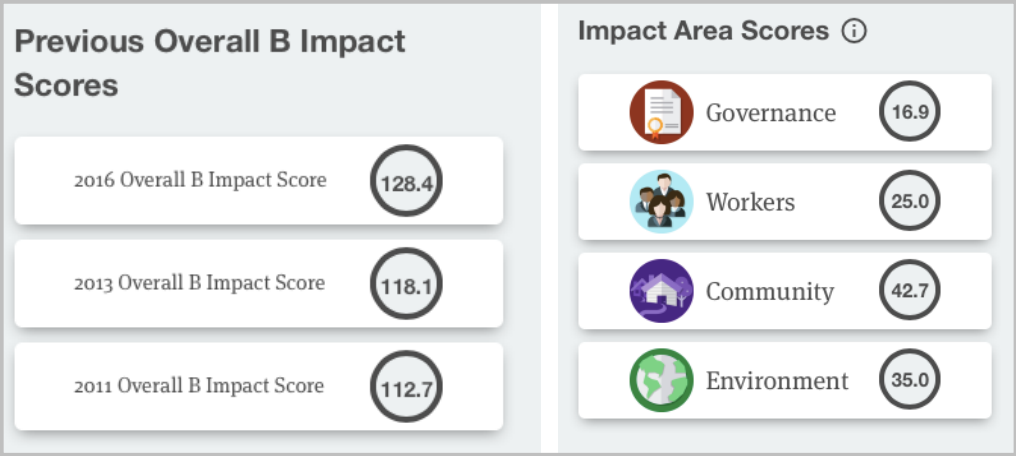
AZUCAR DE REGENERACION**SUPPORTING ONE OF THE WORLD'S LARGEST REGENERATIVE AGRICULTURE PROJECTS FOR SUGAR**

After water and yerba mate, sugar is a significant part of the supply web for Guayakí Yerba Mate ready-to-drink beverages. When you drink an organic Guayakí Yerba Mate, you support one of the largest regenerative sugar production projects in the world. Pioneered in 1987 as The Green Cane Project, it replaced the destructive practice of burning sugar fields with green cane harvesting.

The Green Cane Project was started in Brazil in 1946 by an Italian family and is still family-owned and family-run four generations later. Their practices go beyond organic to regenerating the land and local community, as well as developing innovations that are influencing the region. It is no wonder they are gaining recognition from conventional regional farms since their yields are around 20% higher.

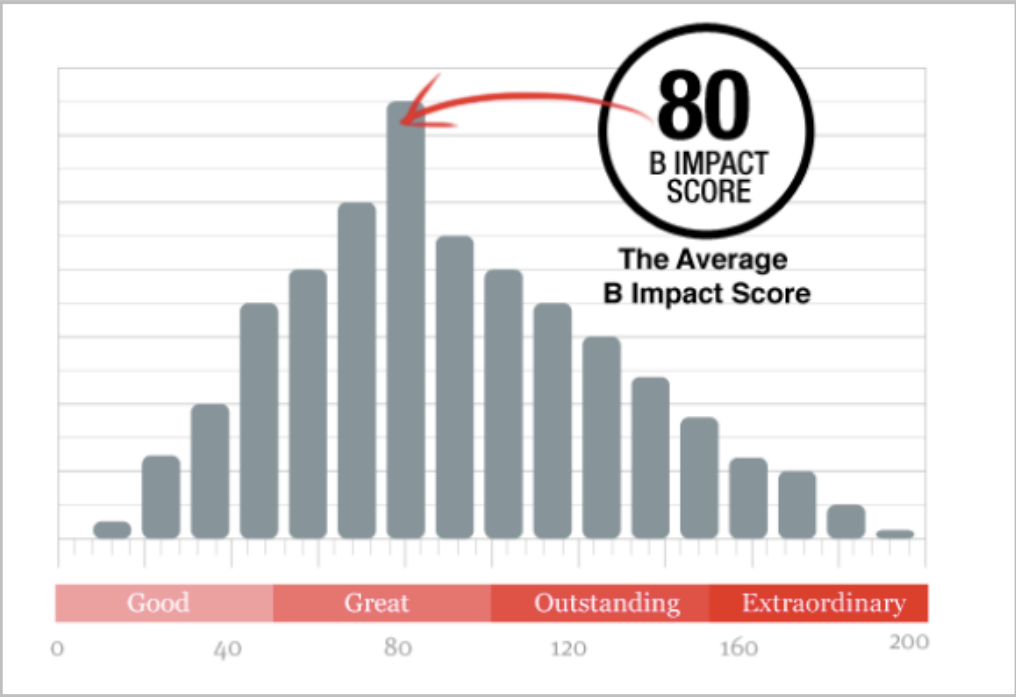
Source: Guayakí (2020c)

Appendix 18 | **Guayakí Overall B Impact Score**



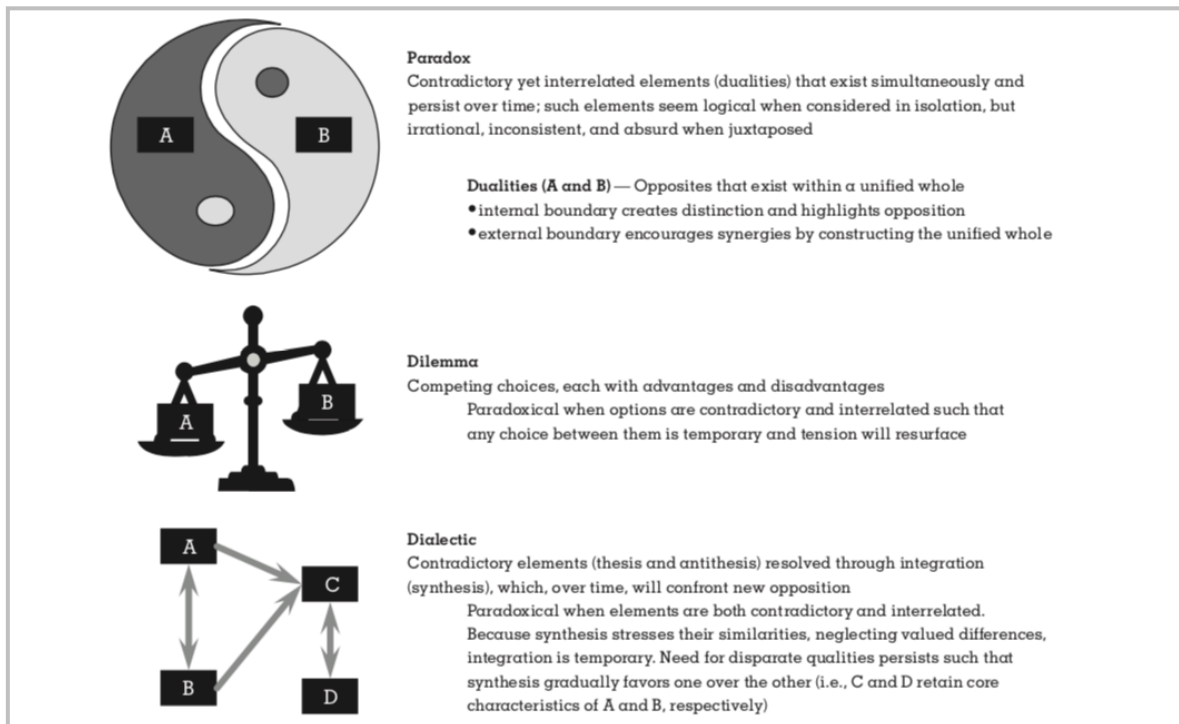
Source: B Lab (2020a)

Appendix 19 | **Average B Impact Score**



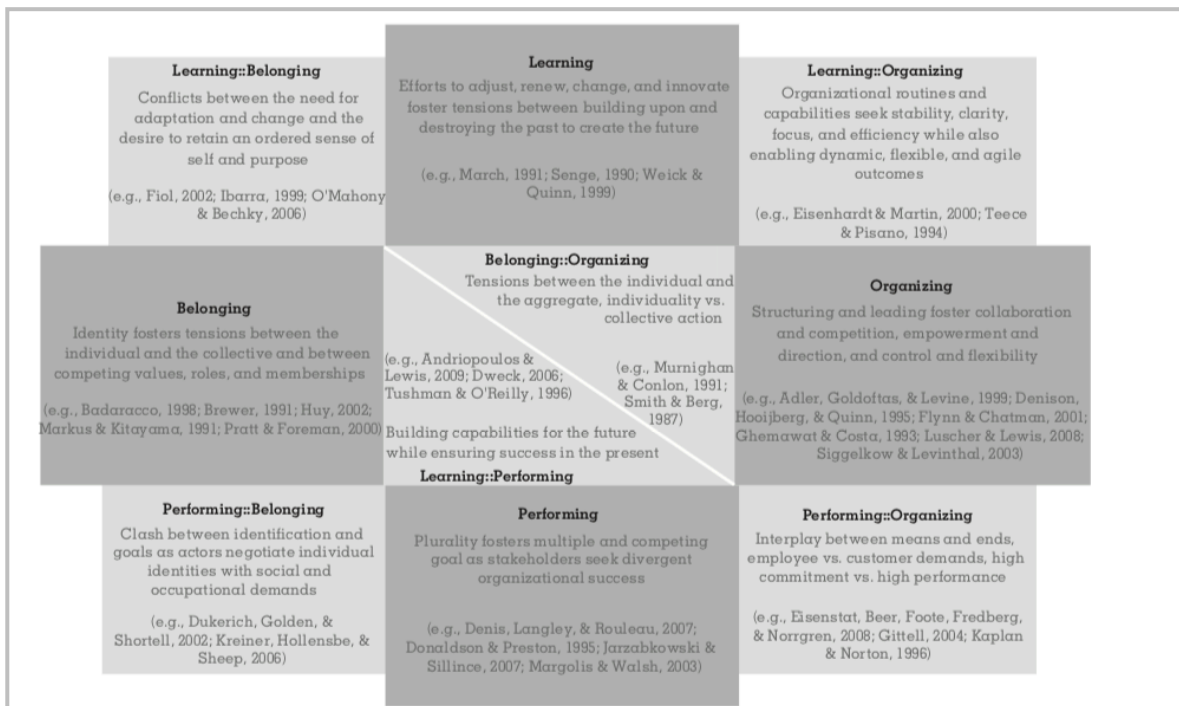
Source: B Lab (2020b)

Appendix 20 | Distinguishing Among Organizational Tensions



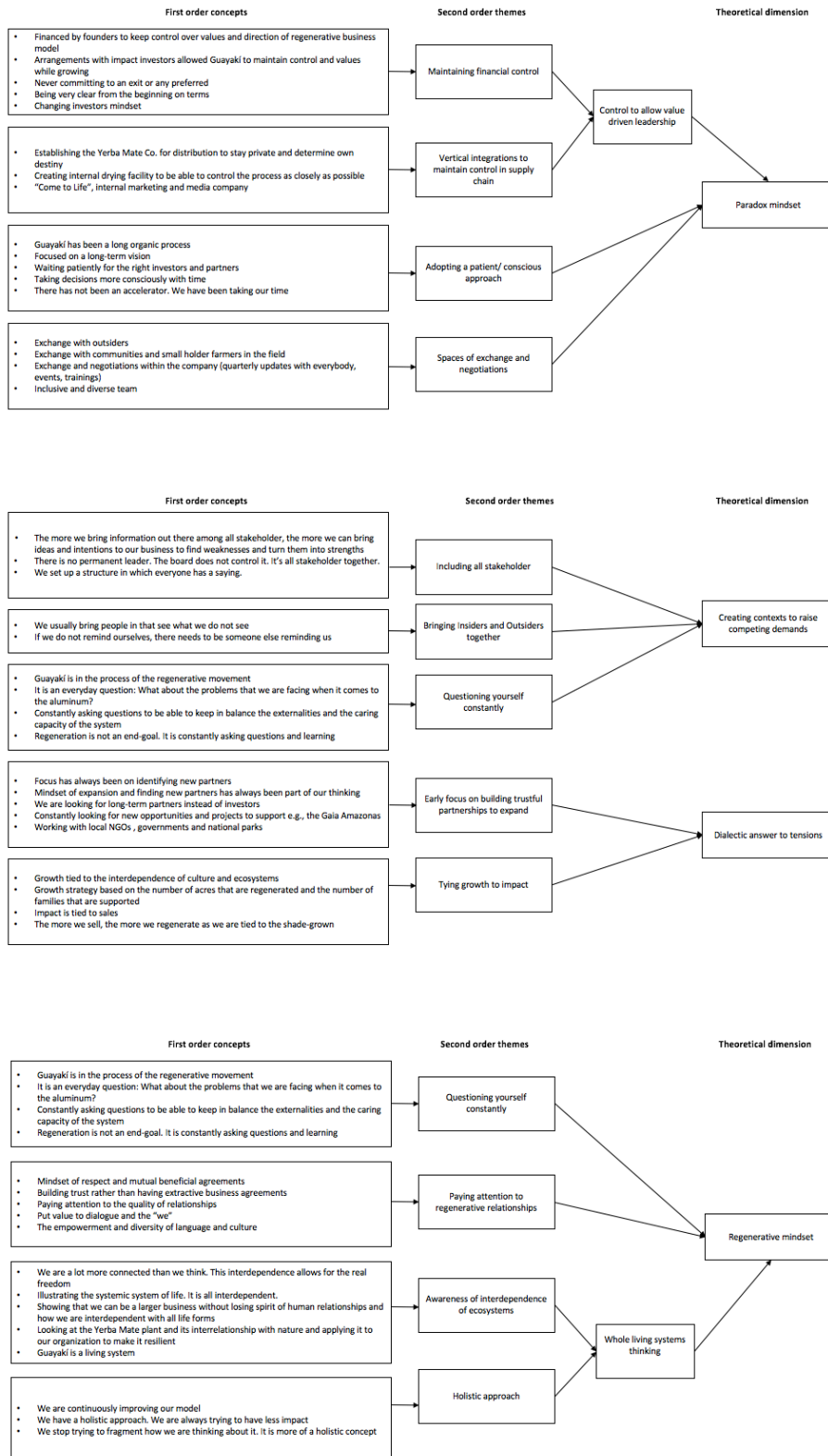
Source: Smith & Lewis (2011)

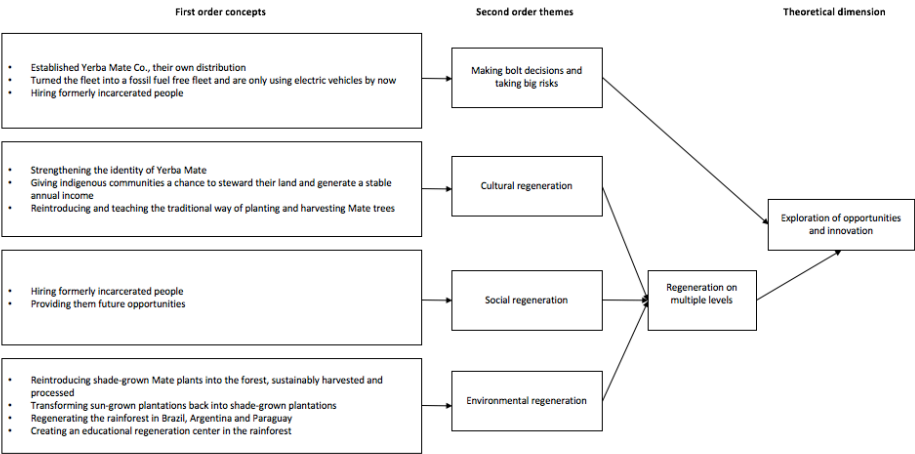
Appendix 21 | Organizational Tensions



Source: Smith & Lewis (2011)

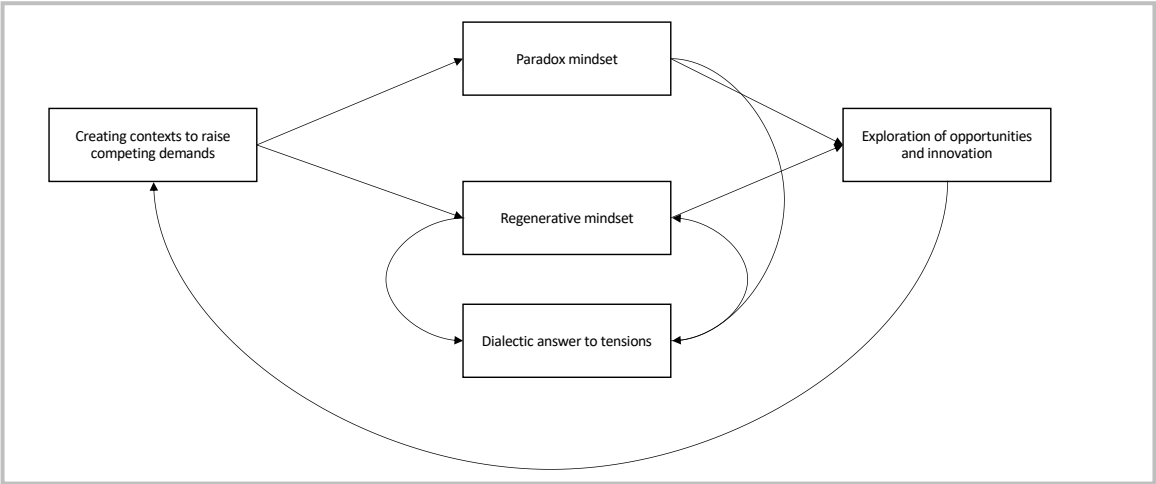
Appendix 22 | Data structure





Source: Content developed by author based on the Gioia Methodology (Gioia et al. 2013)

Appendix 23 | Dynamic Model of Managing Growth Tensions



Source: Content developed by author based on the Gioia Methodology (Gioia et al. 2013)

Appendix 24 | Data Sources for Gioia Methodology

Type		
Interviews		
Leadership		2
Employee		1
Investor		1
Documents		
Articles, Blogs, Press		15
Social Media Posts		101
Transcribed Videos, Interviews, Podcasts		8
Internal/ External Reports		2